NATIONAL DAIRY MARKET AT A GLANCE

CHICAGOMERCANTILE EXCHANGE (CME) CASHMARKETS (11/05) BUTTER: Grade AA closed at \$1.6800. The weekly average for Grade AA is \$1.5992 (+.0525).

CHEESE: Barrels closed at \$1.5400 and blocks at \$1.5700. The weekly average for barrels is \$1.5400 (+.0005) and blocks, \$1.5700 (-.0010).

NONFAT DRY MILK: Extra Grade closed at \$0.8500 and Grade A at \$0.8500. The weekly average for both Extra Grade and Grade A is \$0.8500 (N.C.).

BUTTER: The butter market tone is firm. The butter price at the CME over the past few weeks has been lower and most recently steady. By weeks end, the cash price increased sharply. The volume of sales during recent trading sessions has some producers, handlers, and buyers questioning if there may be more uncommitted butter available than previously reported. Current churning activity varies depending on cream availability. A sharp increase in Class II cream demand is limiting cream volumes to the churns. Most Thanksgiving orders have been placed and shipped, although an increased buyer interest, especially for fresh butter, has many butter producers unable to acknowledge all orders. Traders and handlers feel that the weak price trend of recent weeks stimulated buyer interest. Post Thanksgiving orders have been developing quite well and continue so at this time.

CHEESE: The cheese market is steady. Packagers are busy preparing and shipping orders for the holidays. Process movement is steady. Current natural offerings are short to adequate, depending on variety. The availability of trucks/truckers and higher freight rates are hampering some shipments. Cheese production is steady to lower seasonally. Cumulative U.S. cheddar production during the first 9 months of 2004, with February adjusted to 28 days, totals 2.076 billion pounds, up 1.358 million pounds (N.C.) from the same period in 2003. The adjusted 2004 total cheese output is 6.558 billion pounds, up 168.5 million pounds (2.6%) from a year ago.

FLUID MILK: Milk production patterns in the northern half of the country are at or very near seasonal low levels, while milk output in Southern areas is holding steady. Milk volumes in Florida remain lighter than demand warrants, thus imports remain heavy to supplement local volumes. Florida handlers indicate that imports are heavier than usual for this time of the season as the dairy herd in the state continues to recover from adverse physical and weather conditions of the fall. In Western states, milk production is holding basically steady and plants are running as expected. Recent wet conditions appear to have subdued the growth of milk output and not pushed production lower. Cream markets vary across the country. In the Eastern half of the country, production of cream based holiday items is absorbing a large percentage of available cream thus churning is often lighter than desired. In the West, Class II and III product production is seasonally active also limiting cream volumes to butter producers. Cream pricing multiples are steady to higher in the East and basically unchanged in the West and vary depending on class usage and basing point.

DRY PRODUCTS: Nonfat dry milk markets are steady to firm. Production is often lower as milk is diverted into fluid channels and manufacturing facilities for production of holiday Class II and III products, although powder

continues to clear to CCC from Eastern and Western producers. Stocks of older swap or government powder previously available in the market place are becoming less available. Buyers now looking for NDM are seeing that current produced NDM is often their only option. Buttermilk powder markets are steady to slightly weaker at unchanged prices. Stocks of buttermilk powder are dependent on churning activity with supplies tightest in the East where churning activity is the lightest. Overall, buttermilk demand continues to center around contractual needs with other buyer interest unaggressive. Whey powder markets are steady to firm as prices continue to edge slightly higher across the country. Demand continues to center around contractual needs. Production is steady and producer inventories are in balance to somewhat tight. Casein markets and prices remain firm. International supplies of casein are in close balance and often short of full needs. Domestic buyers are aware of the tight supply situation and foresee higher 2005 prices.

CCC: For the week of November 1 - 5, CCC net purchases total 8,301,229 pounds of NDM. Western sources offered 8,191,350 pounds and 109,879 pounds came from the East. As part of the Western total, 660,716 pounds were offered under invitation 080 to Announcement FMP1.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the October 2004 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$13.57, (-\$0.09); Class III \$14.16, (-\$0.56); and Class IV \$12.81, (-\$0.19). Product price averages used in computing Class prices are: butter \$1.7000, NDM \$0.8565, cheese \$1.5256, and dry whey \$0.2247. The Class II butterfat price is \$1.9090 and the Class III/IV butterfat price is \$1.9020. Further information may be found at: http://www.ams.usda.gov/dyfmos/mib/classprcacnmt.pdf

OCTOBER AGRICULTURAL PRICES (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in October 2004 was unchanged at 134. Compared with October 2003, the index was up 5 points (3.9%). The index of prices received by farmers for dairy products advanced 1 point during the month of October 2004 to 119. Compared with October 2003, the index was up 4 points (3.5%). Prices received by farmers in October 2004 with changes from September 2004 were: for All Milk, \$15.50, up \$.10; for Fluid Grade Milk, \$15.50, up \$.10; and for Manufacturing Grade Milk, \$14.40, down \$.20.

SEPTEMBER DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 92.2 million pounds during September, 25.8% more than last September and 4.0% heavier than last month. American type cheese production totaled 293.7 million pounds, 0.5% above September 2003 but 1.6% below August 2004. Total cheese output (excluding cottage cheese) was 717.8 million pounds, 1.3% above last September and 0.5% above last month. Current monthly dry dairy product output and the comparison to September 2003 are as follows: Human food NDM, 94.6 million pounds, down 2.3%; dry whole milk 3.2 million pounds, off 39.1%; dry buttermilk 3.5 million pounds, up 47.1%; and human food quality dry whey, 73.7 million pounds, down 5.3%.

****SPECIAL THIS ISSUE****

2005 FED. MILK ORDER & DMN AVGS. RELEASE DATES (YELLOW SHEET) OCTOBER MONTHLY SUMMARY AND AVERAGES (PAGES 7-9)

OCTOBER AGRICULTURAL PRICES (PAGE 10) SEPTEMBER DAIRY PRODUCTS (PAGE 11)

CHICAGO MERCANTILE EXCHANGE CASH TRADING

PRODUCT	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	WEEKLY	WEEKLY
	NOVEMBER 1	NOVEMBER 2	NOVEMBER 3	NOVEMBER 4	NOVEMBER 5	CHANGE*	AVERAGE#
CHEESE							
BARRELS	\$1.5400	\$1.5400	\$1.5400	\$1.5400	\$1.5400		\$1.5400
	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(+.0005)
40# BLOCKS	\$1.5700	\$1.5700	\$1.5700	\$1.5700	\$1.5700		\$1.5700
	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(0010)
NONFAT DRY MILK							
EXTRA GRADE	\$.8500	\$.8500	\$.8500	\$.8500	\$.8500		\$.8500
	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(N.C.)
GRADE A	\$.8500	\$.8500	\$.8500	\$.8500	\$.8500		\$.8500
	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(N.C.)
BUTTER							
GRADE AA	\$1.5450		\$1.5725		\$1.6800		\$1.5992
	(N.C.)		(+.0275)		(+.1075)	(+.1350)	(+.0525)

CHICAGO MERCANTILE EXCHANGE

MONDAY, NOVEMBER 1, 2004

CHEESE—SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 15 CARS GRADE AA: 12 @ \$1.5450, 1 @ \$1.5450, 2 @ \$1.5450; BIDS UNFILLED: 9 CARS GRADE AA: 1 @ \$1.5425, 1 @ \$1.5400, 1 @ \$1.5375, 2 @ \$1.5350, 2 @ \$1.5250, 2 @ \$1.5150; OFFERS UNCOVERED: 19 CARS GRADE AA @ \$1.5450

TUESDAY, NOVEMBER 2, 2004

CHEESE—SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE NONFAT DRY MILK—SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, NOVEMBER 3, 2004

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.5675; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.5700; OFFERS UNCOVERED: NONE

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 59 CARS GRADE AA: 38 @ \$1.5450, 5 @ \$1.5475, 3 @ \$1.5500, 1 @ \$1.5525, 1 @ \$1.5550, 2 @ \$1.5575, 1 @ \$1.5600, 1 @ \$1.5625, 2 @ \$1.5650, 1 @ \$1.5675, 3 @ \$1.5700, 1 @ \$1.5700, 1 @ \$1.5725; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.5200, 1 @ \$1.5100, 1 @ \$1.5000; OFFERS UNCOVERED: NONE

THURSDAY, NOVEMBER 4, 2004

CHEESE—SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, NOVEMBER 5, 2004

CHEESE—SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

NONFAT DRY MILK - SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 27 CARS GRADE AA: 2 @ \$1.5900, 2 @ \$1.6050, 6 @ \$1.6200, 2 @ \$1.6225, 4 @ \$1.6250, 1 @ \$1.6225, 2 @ \$1.6250, 2 @ \$1.6250, 2 @ \$1.6275, 1 @ \$1.6300, 1 @ \$1.6375, 1 @ \$1.6400, 1 @ \$1.6575, 1 @ \$1.6575, 1 @ \$1.6500, 1 @ \$1.6525, 1 @ \$1.6525, 1 @ \$1.6350, 1 @ \$1.6225, 2 @ \$1.6200, 1 @ \$1.6500, 1 @ \$1.595

BUTTER MARKETS

NORTHEAST

The market tone remains unsettled. Butter producers and handlers feel that the butter price has stabilized for the time being, although most state that the price will dip once holiday orders have been placed and shipped. Cream supplies for churning have tightened as Class II demand has sharply increased. At this point, many Eastern butter operations continue to microfix to supplement lighter churning schedules. Butter demand is mostly steady. Thanksgiving orders have been placed and generally delivered with yearend orders continuing to be placed. Many producers and handlers have a pretty good indication what year end needs will be as significant orders have been placed or at least voiced for quite some time. Some handlers state that if the price dips lower in the near future, this may stimulate some additional buyer interest. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 5.5 cents over the CME price/average.

CENTRAL

Butter markets are mixed as the mid-week price at the CME cash exchange increase to \$1.5725. In very active trading, the price increased 2 3/4 cents per pound, the first increases since mid October. Churning activity is not as active this week as cream supplies tighten. An increase in Class II cream demand has absorbed a considerable volume of available offerings. In some instances, Midwestern butter producers are finding it more advantageous to sell their cream versus churn at this time. Stocks continue to trail last year at this time. Some producers and handlers are now questioning butter supplies within the market place. With 59 cars (nearly 2.7 million pounds) of butter sold in Wednesday's trading session alone, some feel that there may be more uncommitted butter available than previously reported. Overall butter demand remains quite strong. The significant portion of Thanksgiving orders have been shipped with fairly active fill-in orders occurring. Some handlers

and traders feel that this buyer interest might be additional interest for post Thanksgiving sales. Food service orders are also fairly strong as restaurants and food service outlets prepare for holiday shoppers and year end holiday activities. Bulk butter for spot sale is being reported in the 2 - 4 cents per pound range over various pricing basis.

WEST

CME cash butter prices had moved lower for five sessions over the past two weeks, but have held steady for the last three sessions. At mid-week, November 3, prices firmed by 2 3/4 cents in very heavy trading. Some contacts thought the trading was curious in that 38 cars of butter were offered and sold to start trading out. Bidding then took over and 21 cars were sold on higher bids for a total of 59 cars sold. Print orders for immediate needs are very strong this week with buyers wanting the butter now. Transportation is often an issue in deciding if the deal will go forward. There seem to be more promotional activity than anticipated earlier. Ice cream plants are taking more cream than is normal for this season which has surprised some butter operations. Cream does remain available for churning and the more stable price has allowed churns to buy it without as much price risk as was in the market a few weeks ago. Some offerings of imported butter for industrial use are noted. For a while these had dried up. The draw down in the weekly CME butter stocks report is not as heavy recently as was noted last year at this time. In the last five weeks, stocks have declined by 18.5 million pounds, compared to 36.0 million pounds for the same period last year. Stocks at the end of last week totaled 46.1 million pounds compared to 105.6 million pounds for last year at this time. Stock levels in this report have not been this low since January of 2002. Bulk butter prices range from 2 to 5 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

CHEESE

	40# BLOCKS	BARRELS	NDM	BUTTER	DRY WHEY
WEEK ENDING		38% MOISTURE			
OCTOBER 30	1.4864	1.4782	0.8498	1.5904	0.2291
	7,876,454	9,591,949	23,117,080	3,392,218	11,579,153

Further data and revisions may be found on the internet at: http://jan.mannlib.cornell.edu/reports/nassr/price/dairy

CHEESE MARKETS

this time.

NORTHEAST

Prices are generally just over 2 cents higher on natural and process items except Swiss. Demand is steady at fairly good seasonal levels. Food service orders and shipments are steady to improved as outlets prepare for Thanksgiving. Retailers are also trying to build working stocks for the upcoming holiday season. Current cheese supplies are tight. Manufacturing milk offerings and production schedules continue seasonally light to moderate.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.6375-2.1525
Cheddar Single Daisies	:	1.5950-2.0700
Cheddar 40#Block	:	1.7100-1.9700
Process 5#Loaf	:	1.7500-1.9575
Process 5# Sliced	:	1.7700-2.0100
Muenster	:	1.8100-2.0125
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is steady to firm for the short term. Orders are being filled and shipped for the fast approaching holiday season. Current American cheese supplies are tight to short, particularly jack and colby/jack mixtures. Natural chunks and sliced orders are good with shreds not quite as strong. Natural orders generally need some overtime to fill. Process movement is moderate at best with most processors able to cover orders without overtime. Some orders for holiday items have been well above those forecasted. Getting supplemental bulk supplies from the West has become more problematic due to transportation issues. Higher trucking rates, assuming a truck and driver are available, has caused loads to be more frequently shipped by rail though with an extra 1-3 weeks needed for delivery. Brick and muenster remain snug but generally more available than a few weeks ago. Aged cheddar interest is steady though high prices and definite supply gaps on many "cheaper months" has impacted demand. Manufacturing milk supplies are limited and current production schedules are seasonally light. Cheese yields remain very good. Plant operators are competing for milk supplies with bottlers also preparing holiday orders. Buyers and sellers continue to work on committed cheese volumes and premium structure for 2005 needs.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5#Loaf	:	1.7200-2.0000
Brick And/Or Muenster 5#	:	1.9800-2.2225
Cheddar 40# Block	:	1.8800-2.2650
Monterey Jack 10#	:	1.8600-2.2650
Blue 5#	:	2.4200-2.7000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8700-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.3900-2.9500

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
11/01/04	25,819	:	129,132
10/01/04	34,271	:	131,981
CHANGE	-8,452	:	-2,849
% CHANGE	-25	:	-2

CME market last week. Prices at the CME have remained above \$1.50 since mid-October. Some buyers are in a quandary because they believe that the fundamentals point to lower prices, but the calendar is beginning to work against them. They need to have cheese in hand for fall needs and time is running out. As we get to the end of the year this need for cheese may be enough to hold the market at these current levels. There are some good promotions that are using quite a bit of cheese. Contacts indicate that warehouse stocks are declining at a much faster pace. Some ages of cheese are becoming much tighter in supply. There doesn't seem to be quite as much milk being offered from outside sources for cheese production. There are indications that

some operations that had curtailed Swiss production in the region may be back to more normal historical levels. Aged mozzarella is quite a problem for the market with offerings in the two year old and greater category being called heavy. Discounts demanded to take this product are very large and sellers are not agreeing to the situation at

WEST

Prices for natural and process cheese firmed after trading at the cash

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process 5#Loaf	:	1.6925-1.9525
Cheddar 40# Block	:	1.6900-2.0425
Cheddar 10# Cuts	:	1.8700-2.0900
Monterey Jack 10#	:	1.8800-2.0400
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Imported prices are unchanged and domestic are mostly higher. Current demand is steady to improved seasonally but still mostly moderate at best. Current offerings are generally adequate for the current demand. Issues related to recent trade disputes with the EU continue from additional tariffs imposed on some imports because of the rice import regime to recently passed and signed U.S. legislation to adjust U.S. rules to become WTO legal.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	: NEW	YORK
VARIETY	: IMPORTED	: DOMESTIC
	:	:
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.2900	: 1.9525-3.4425*
Gorgonzola	: 3.6900-5.9400	: 2.4575-2.4900*
Parmesan (Italy)	: TFEWR	: 3.3625-3.4725*
Romano (Italy)	: 2.1000-3.1500	: -0-
Provolone (Italy)	: 3.4400-5.6900	: 1.9650-2.1875*
Romano (Cows Milk)	: -0-	: 3.1475-5.3225*
Sardo Romano (Argentine)	: 2.8500-3.2900	: -0-
Reggianito (Argentine)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 2.9500-4.0900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.4500	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-
* - Dries shangs		

^{* =} Price change.

FLUID MILK AND CREAM

EAST

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS	WEEK	LAST	WEEK	LAST YEAR			
	IN	OUT	IN	OUT	IN	OUT		
FLORIDA	220	0	183	0	128	0		
SOUTHEAST STATES	0	0	0	0	0	0		

Milk production in the Eastern part of the country is at seasonal low levels. In the Southeast, milk production is mixed with some suppliers and handlers reporting slight increases while others indicate unchanged conditions. Milk production patterns are slower in recovery this season versus previous years with many handlers attributing the slowness to the adverse weather conditions in Florida during the past few months. The milking herd and actual facilities continue to recover from the hurricanes. Many milk handlers indicate that milk supplies are short of full needs. Class I demand is strong this week, typical for the first of the month. Milk entering manufacturing facilities is also limited. A few dairy plants in the Northeast that have been down for various reasons over the past few weeks are once again in production competing for milk volumes. During the down time, this milk was easily absorbed within the dairy industry, but now this resumed demand is further limiting milk volumes. Milk needs in Florida continue to reguire additional loads of milk from outside the state. During the week, 220 loads of additional milk entered the state versus 183 last week and compares to 128 imported loads last year at this time. Condensed skim demand is mostly steady at unchanged prices. Cream markets are firm and demand is aggressive for the limited supply. Class II and III demand is very strong as cream cheese, bottled cream, and production of other cream based holiday products gears up for the upcoming Thanksgiving holiday. Egg nog production is improving and is expected to build as the holiday nears. Cream supplies were more available last week, but tightened very quickly early in the week. Pricing multiples also firmed this week, but a lower butter average price base slowed sharply higher prices.

${\bf FLUID\ CREAM\ AND\ CONDENSED\ SKIM\ PRICES\ IN\ TANKLOT\ QUANTITIES}$

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast - 2.0416-2.2272

Delivered Equivalent Atlanta - 2.0571-2.2272 M 2.0571-2.1344

F.O.B. Producing Plants: Upper Midwest - 2.0107-2.1344

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:

Northeast- Class II - includes monthly formula prices - .9150- .9700

Northeast- Class III - spot prices - 1.0100-1.0900

MIDWEST

Class I demand is about steady and has yet to reflect the usually stronger first of the month retail sales. Many bottlers are active in producing holiday products such as eggnog, whipped and sour cream, and dips. Milk shipments from the region to Florida continue, but often at lighter levels than just a few weeks ago. Cream demand was improved from churners as good holiday butter orders and tight tempered butter stocks are causing stronger fresh cream interest. Supplemental cream imports from the West continue though trucking issues, from finding one available to sharply higher freight rates, continue. Class II condensed interest is good though Class III remains quiet. Manufacturing milk demand was stronger as the push to fill holiday orders continues. Milk supplies remain tight particularly with bottlers using larger volumes. Manufacturing schedules remain light. Reported spot manufacturing milk prices range from 1.75 - 3.00 over class, fob. Current milk intakes are steady to generally lower seasonally in the upper half of the region. Fat and protein tests as well as manufactured product yields remain strong seasonally. Wet fields, either actually waterlogged or just wet crops from delayed planting waiting to further field dry, are slowing the fall harvest. Progress on fall harvest and tillage operations are closer to finished further south.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

OCT 28 - NOV 3 PREVIOUS YEAR \$ 44 00- 53 00 \$ 46 00- 52 00

\$ 50.00- 56.25

SLAUGHTER COWS \$44.00-53.00 \$46.00-52.00 REPLACEMENT HEIFER CALVES \$400.00-600.00 \$380.00-520.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.) OCT 28 - NOV 3 PREVIOUS YEAR

SLAUGHTER COWS \$ 49.50- 54.00

WEST

October milk cow replacement prices were announced by USDA. For

the U.S., the average cow price was \$1640, up \$260 from last year. For selected Western states compared to last year the prices are as follows: California \$1650, +\$300; Idaho \$1800, +\$250; New Mexico \$1670, +\$240; and Washington \$1800, +\$350. Hay prices in the West for October are firm. The U.S. average price was about \$90, up about \$6 per ton. The hay price for selected Western states compared to last year is: California \$111, +\$24; Idaho \$117, +\$25; New Mexico \$117, -\$14; and Washington \$120, +\$34. The October 4a price (butter/powder) in CALIFORNIA is \$12.46, 19 cents lower than September but \$2.48 higher than last year. The October 4b price (cheese) is \$13.60, down 43 cents from September and 61 cents lower than last year. Milk production is holding mostly steady across most of California. The recent wet conditions appear to have subdued the growth of milk output and not pushed production lower. Mild weather conditions following the rains helped mitigate the effects. Generally, milk production is running ahead of year ago levels, attributed to increased cow numbers and higher production per cow. Plants are taking milk as scheduled. Fluid milk sales have improved for most bottlers. Milk output in Arizona continues to show daily variations but is trending seasonally higher. The weather remains very good for cow comfort and is a big factor in milk growth. Fat and protein contents are also higher. Plants are running as planned and have capacity. NEW MEXICO milk supplies are noted to be steady. Plants are running as expected with only minor variations noted. Shipments out of the region, especially to the southeast states, have slowed. The end of the growing season is near and the last cuttings of hay are being harvested. The butter price increased 2.75 cents over the past week to close at \$1.5725 on Wednesday, November 3. Supplies of cream are moving higher but spot availability is tighter than expected as seasonal cream accounts and churning is active. Ice cream producers are taking higher than expected volumes for the season. Cream multiples are steady in the 115 to 126 range, FOB and vary depending on class usage and basing point. Shipping costs and fuel surcharges continue to increase and be factors in cream sales. Conditions have been very wet on the west side of the Cascades in WASHINGTON and OREGON. Scattered flood warnings have been posted. Current milk production levels have not been impacted by the rain. Most fall cropping has finished so there is little impact noted there. Snow is starting to build in the mountains and that will be positive for next year's growing season. Hay sales in the region have slowed until other work is totally finished. The market remains firm with prices for dairy hay steady to firm. Little talk is noted about the bidding process for the just finished CWT program. Frost is common most nights in the dairy areas of IDAHO and UTAH. Some light snow has also been reported. The dairy herds are now on winter feeding rations. Most plants are reporting that they have the milk they anticipated with a few noting lower supplies. Cheese manufacturing plants report that cheese stocks are in better balance and inventories are being drawn down.

NDM, BUTTERMILK & WHOLEMILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to higher on a mostly steady market. As the resale supplies from CCC exchange programs continue to dissipate, interest in fresh product from the manufacturer is increasing. As a result, some manufacturers are increasing their offering prices. Production is unchanged to lower as milk is diverted into fluid channels and manufacturing facilities for production of holiday Class II & III products. As the Thanksgiving holiday nears, manufacturers are anticipating additional fluid milk supplies to become available, encouraging NDM production. Currently, stocks are in good balance. Low heat demand is noted from some cheese operations and traders. High heat trade is lighter than anticipated for this time of year.

EAST: Prices and the market tone remain unchanged in the East. Milk production is nearing seasonal low levels, thus surplus milk clearing to powder operations is lower. Although milk volumes are lighter, surplus Eastern powder continues to clear to CCC. Buyers continue to reach to the resale market for their powder needs, but are finding that this supply is also tightening. Some buyers have had to reach to the fresh market for their full needs which has been the first time in quite awhile.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE \boldsymbol{A}

LOW/MEDIUM HEAT: .8000 - .9400 MOSTLY: .8300 - .8900

HIGH HEAT: .8700 - .9500

NONFAT DRY MILK - WEST

Western nonfat dry milk prices are holding mostly steady. The market tone is steady to firm. Powder continues to move to the support program to clear inventories while at the same time demand is increasing slightly for fresh product. The "older" NDM from swap programs and the like are mainly committed and in stable hands. Buyers now looking for NDM are seeing that current produced NDM is often their only option. Direct export sales continue to clear NDM at prices near the top of the range. During the week of October 25 - 29, CCC purchased 4,200,659 pounds of NDM from the West. Prices for high heat nonfat dry milk are unchanged with the market undertone generally steady. Demand remains lighter than expected and disappointing to some producers who have stocks available. Production trends are lower.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .7950 - .9100 MOSTLY: .8000 - .8750

HIGH HEAT: .8400 - .9100

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK	ENDING	PRICE	TOTAL SALES	SALES TO CCC

October 29 \$.8386 15,351,935 5,846,234 October 22 \$.8330 11,386,431 5,035,662

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices remain unchanged and nominal on a weak market. Production is steady to lower as most manufacturers continue to direct additional supplies of condensed buttermilk to end-users rather than to drying facilities. Interest in condensed buttermilk from ice cream operations is better than anticipated for this time of year. Trade of dry buttermilk is light with offers generally noted on aged supplies. Neither buyers nor sellers are aggressively pursuing trades of dry buttermilk. Most manufacturers anticipate increased supplies of dry buttermilk as additional milk supplies during the Thanksgiving holiday filter into butter plants.

F.O.B. CENTRAL: .9000 - 1.0100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Powder markets and nominal prices are generally unchanged. Powder stocks are lighter and buyers are indicating that supplies are becoming more difficult to locate. Churning activity is dependent on cream availability and, at this point, cream demand is strong for Class II items, thus churning activity is lighter. Demand continues to center around contractual commitments.

F.O.B. NORTHEAST: 1.0000 - 1.0200 DELVD SOUTHEAST: 1.0100 - 1.0600

DRY BUTTERMILK - WEST

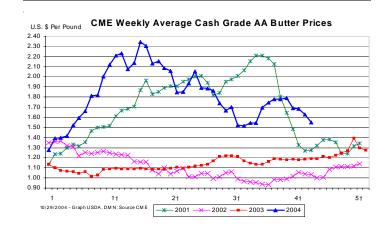
Dry buttermilk prices are unchanged in light spot trading. The market tone is steady to slightly weaker. Buying interest remains light along established patterns. Demand from seasonal accounts is fair and clearing expected product. Production is seasonally higher and reflects increases in churning. Condensed buttermilk sales are fair to good and keeping more product from being dried. Buttermilk stocks are light to moderate when compared to current needs.

F.O.B. WEST: 1.0200 - 1.0700 MOSTLY: 1.0300 - 1.0500

DRY WHOLE MILK - NATIONAL

Whole milk powder markets and prices are generally unchanged. Prices remain nominal. Production levels are light and plant inventories limited. Recent price declines are having little impact on demand. Reports continue to indicate that imported dry whole milk powder continues to be offered at prices below the bottom of the reported range.

F.O.B. PRODUCING PLANT: 1.2825 - 1.3775



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are slightly higher on a steady to firm market. Export demand remains good, reducing supplies and encouraging prices higher. Sellers and traders suspect that the export market cannot maintain significantly higher prices, especially as prices approach international levels of about \$0.27. Trade is light with most movement noted on a contractual basis. Feed buyers are notably less interested on a spot basis as many have replenished depleted supplies. Production is steady and producer inventories are in balance to somewhat tight.

F.O.B. CENTRAL: .2225 - .2475 MOSTLY: .2325 - .2375

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to fractionally higher and Northeast prices remain nominal. The market tone remains firm. Tight surplus milk volumes are limiting cheese production, thus whey supplies are also lighter. Most sales activity continues to center around contracted volumes, although an occasional spot load does become available, but quickly clears. Demand appears to be more active as prices firm.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2375 - .2600 DELVD SOUTHEAST: .2600 - .2675

DRY WHEY - WEST

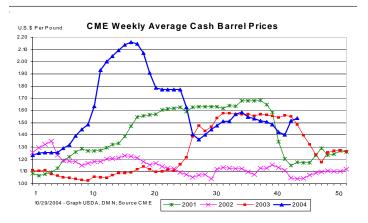
Western whey prices are generally steady with only slight fractional increases noted. Sales activity is being rated as good, but sellers are more cognizant of the fact that rising prices are causing some concern that export sales could slow. Contacts are wondering what sort of competition will be coming out of Europe for these export markets. Signs point to tight supplies there and firm prices. This may tend to limit competition from that quarter. Domestic sales of powder are rated as fair to good. Prices across the country are firming slowly. Production levels at most plants seems to be about steady for the fall season.

NONHYGROSCOPIC: .2200 - .2650 MOSTLY: .2350 - .2400

ANIMAL FEED WHEY-CENTRAL

Prices are unchanged and nominal on a steady to firm market. Supplies are generally tight for the good interest. Buyers are anticipating additional supplies to become seasonally available as the Thanksgiving holiday draws near. Veal and early weaned pig markets are trending steady to firm.

F.O.B. CENTRAL: MILK REPLACER: .2000 - .2200



WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices remain unchanged on a steady market. Most offers are noted at the average for the fair interest. Trade is noted into Asia and Mexico, generally on a contractual basis. Spot demand is light with a few queries noted by feed users. Production is generally steady. Some discussions of contracts for 2005 are occurring. With some plants revamping their facilities for the production of high protein products, reduced supplies of 34% WPC are anticipated in 2005. Off grade supplies are available for the good feed interest at prices that vary with the quality.

F.O.B. EXTRA GRADE 34% PROTEIN: .5800 - .6400 MOSTLY: .5975 - .6225

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a weak market. Supplies are most readily available on the lower mesh size product for the fair interest. Some traders are taking an interest in the lower mesh product, especially in light of the reduced supplies of whey and permeate. As a potential substitute to whey and permeate into some feed applications, lactose appears to be trading better than previously noted. However, producer stocks still remain heavier than desired at some locations and the outlook for 2005 is steady at best. Production is unchanged yet generally above levels last year. Off grade lactose is available for the light to fair feed interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1500 - .2300 MOSTLY: .1700 - .2000

CASEIN - NATIONAL

Casein markets and prices remain firm. Domestic buyers continue to voice their concerns about having sufficient casein for their needs. Usually, suppliers are able to meet contractual commitments, although they virtually have no additional volumes available for spot needs. Suppliers indicate that they are getting more inquiries from new buyers looking for additional stocks. This buyer interest is going unfilled. International supplies are in very close balance and often short of full needs. On October 28, CCC announced invitation #032 which invited competitive offers to purchase from CCC 4 million pounds of government owned nonfat dry milk for the production of casein/caseinate. Bids were due on November 2 with public notification on November 4. Since June 2002, nearly 36.7 million pounds of government powder has been sold for this purpose. Prices have ranged \$0.2200 - \$0.4330 per pound with the most recent award price being \$0.3800 per pound.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.8500 - 3.0500 ACID: 2.9000 - 3.0500

EVAPORATED MILK-NATIONAL

Prices and the market tone are unchanged. Surplus milk volumes, especially in the Eastern half of the country are tighter, thus production schedules are steady to lighter. Producer stocks are moderate, although retailers are pulling more loads in preparation for the upcoming holidays. Trucking continue to impact shipment schedules from producer warehouses to the customer.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements

MONIHLY SUMMARY AND AVERAGES FOR OCTOBER 2004 $\underline{1}/$ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

	::REPORT NUMBER 39 ::REPORT NUMBER 40 ::REPORT NUMBER 41 ::REPORT NUMBER 42 ::REPORT NUMBER 43 ::	2004 : 2003
COMMODITY		Average : Average
	:: OCT 01 :: OCT 04 - 08 :: OCT 11 - 15 :: OCT 18 - 22 :: OCT 25 - 29 ::	5
		<u> </u>
CHEESE		
WISCONSIN (WSP, Delivered, LTL)		
Process American 5# Loaf	:: 1.6900 - 2.0000 :: 1.6675 - 2.0000 :: 1.6050 - 2.0000 :: 1.5800 - 2.0000 :: 1.6950 - 2.0000 ::	1 9206 • 1 9223
Brick And/Or Muenster 5#	:: 1.9800 - 2.2250 :: 1.9800 - 2.2325 :: 1.9800 - 2.1375 :: 1.9800 - 2.1100 :: 1.9800 - 2.2025 ::	
- Cheddar 40# Block	:: 1.8800 - 2.2650 :: 1.8800 - 2.2650 :: 1.8800 - 2.2650 :: 1.8100 - 2.2650 :: 1.8800 - 2.2650 ::	
Monterey Jack 10#	:: 1.8600 - 2.2650 :: 1.8600 - 2	
- Blue 5#	:: 2.3200 - 2.7000 :: 2.3275 - 2.7000 :: 2.3275 - 2.7000 :: 2.3050 - 2.7000 :: 2.3975 - 2.7000 ::	
Mozzarella 5 - 6#	:: 1.8675 - 2.3650 :: 1.8750 - 2.3650 :: 1.7800 - 2.3650 :: 1.7550 - 2.3650 :: 1.8475 - 2.3650 ::	
Grade A Swiss Cuts 6 - 9#	:: 2.4475 - 2.9500 :: 2.4475 - 2.9500 :: 2.4475 - 2.9500 :: 2.3900 - 2.9500 :: 2.3900 - 2.9500 ::	
— GLAGE A SWISS CUES 0 - 5#	2.11/3 - 2.5500 2.11/3 - 2.5500 2.11/3 - 2.5500 2.5500 - 2.5500	2.0011 • 2.10/3
NORIHEAST (WSP, Delivered, LTL)		
— Cheddar 10# Prints	:: 1.6375 - 2.1525 :: 1.6450 - 2.1600 :: 1.5500 - 2.0650 :: 1.5225 - 2.0375 :: 1.6150 - 2.1300 ::	1.8450 : 1.9125
— Cheddar Single Daisies	:: 1.5950 - 2.0700 :: 1.6025 - 2.0775 :: 1.5075 - 1.9825 :: 1.4800 - 1.9550 :: 1.5725 - 2.0475 ::	1.7825 : 1.8550
— Cheddar 40# Block	:: 1.7100 - 1.9700 :: 1.7175 - 1.9775 :: 1.6225 - 1.8825 :: 1.5950 - 1.8550 :: 1.6875 - 1.9475 ::	1.7900 : 1.8638
Process 5# Loaf	:: 1.7200 - 1.9275 :: 1.6975 - 1.9050 :: 1.6350 - 1.8425 :: 1.6100 - 1.8175 :: 1.7250 - 1.9325 ::	1.7749 : 1.8653
Process 5# Sliced	:: 1.7400 - 1.9800 :: 1.7175 - 1.9575 :: 1.6550 - 1.8950 :: 1.6300 - 1.8700 :: 1.7450 - 1.9850 ::	1.8111 : 1.9091
Muenster	:: 1.8100 - 2.0125 :: 1.8175 - 2.0200 :: 1.7225 - 1.9250 :: 1.6950 - 1.8975 :: 1.7875 - 1.9900 ::	
Grade A Swiss Cuts 10 - 14#	:: 2.4500 - 2.6500 :: 2.4500 - 2.6500 :: 2.4500 - 2.6500 :: 2.4500 - 2.6500 :: 2.4500 - 2.6500 ::	2.5500 : 2.4500
WEST COAST (WSP, Delivered, LTL)		
Process 5# Loaf	:: 1.6625 - 1.9225 :: 1.6400 - 1.9000 :: 1.5775 - 1.8375 :: 1.5525 - 1.8125 :: 1.6675 - 1.9275 ::	1.7436 : 1.8339
Cheddar 40# Block	:: 1.6875 - 2.0400 :: 1.6950 - 2.0475 :: 1.6000 - 1.9525 :: 1.5725 - 1.9250 :: 1.6650 - 2.0175 ::	
Cheddar 10# Cuts	:: 1.8675 - 2.0875 :: 1.8750 - 2.0950 :: 1.7800 - 2.0000 :: 1.7525 - 1.9725 :: 1.8450 - 2.0650 ::	1.9275 : 2.0200
Monterey Jack 10#	:: 1.8775 - 2.0575 :: 1.8850 - 2.0450 :: 1.7900 - 1.9500 :: 1.7625 - 1.9225 :: 1.8550 - 2.0150 ::	1.9080 : 2.0000
Grade A Swiss Cuts 6 - 9#	:: 2.2500 - 2.7000 :: 2.2500 - 2.7000 :: 2.2500 - 2.7000 :: 2.2500 - 2.7000 :: 2.2500 - 2.7000 ::	2.4750 : 2.3550
FLUID PRODUCIS		
SPOT PRICES OF CLASS II CREAM (\$	on the betoufet)	
Northeast - f.o.b	er no. natuerial) :: 2.3496 - 2.5276 :: 2.2890 - 2.5036 :: 2.1610 - 2.3636 :: 2.1895 - 2.3579 :: 2.1190 - 2.2820 ::	2 2020 • 1 7020
Nordieast - 1.0.6 Atlanta - dlvd. equiv.	:: 2.3318 - 2.5276 :: 2.3427 - 2.5394 :: 2.1948 - 2.3805 :: 2.2063 - 2.3747 :: 2.1353 - 2.3146 ::	
Upper Midwest - f.o.b	:: 2.2606 - 2.4564 :: 2.3248 - 2.5036 :: 2.1948 - 2.3299 :: 2.2400 - 2.3242 :: 2.2005 - 2.2494 ::	
Opper Midwest - 1.0.D	2.2000 - 2.4304 2.3240 - 2.5030 2.1340 - 2.3239 2.2400 - 2.3242 2.2003 - 2.2434	2.3007 • 1.0237
PRICES OF CONDENSED SKIM - NORTHE	ST (\$ per lb. wet solids) - f.o.b.	
Class II	:: 0.9150 - 0.9600 :: 0.9150 - 0.9600 :: 0.9150 - 0.9600 :: 0.9150 - 0.9600 :: 0.9150 - 0.9700 ::	0.9388 : 0.9000
Class III	:: 1.0000 - 1.0500 :: 1.0000 - 1.0500 :: 1.0100 - 1.0900 :: 1.0100 - 1.0900 :: 1.0100 - 1.0900 ::	1.0425 : 1.2364
NATIONAL EVAPORATED MILK (\$ per (m)	
(Case - 48 - 12 fluid oz cans)	<i>∞,</i>	
	::22.0000 -30.0000 ::22.0000 -30.0000 ::22.0000 -30.0000 ::22.0000 -30.0000 ::22.0000 -30.0000 ::	26 0000 • 24 5000
retiveted rajor u.s. Cities		20.0000 • 24.5000

MONIHLY SUMARY AND AVERAGES FOR OCIOBER 2004 $\underline{1}/$ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

		PORT NU	MBER 39			NUMBE			PORT N	UMBER			TNU	BER 42			TN	MBER				: 2003
COMMODITY	::	CI	· 01	-::- ::		 04 -		:: ::	OCT 1	 1 - 15	: ::		 Т 18	- 22	:- ::		Т 25	 5 - 2			_	: Average : or Total
DRY PRODUCIS													-									
NONFAT DRY MILK																						
Central And East (f.o.b.)																						
Low/Medium Heat																						: 0.8523
Mostly																						: 0.8513
High Heat	:: (1.9200 -	1.0300) ::	0.9200	- 1.	0300	:: (.9200	- 1.03	00 ::	0.87	00 –	1.0300) ::	0.87	00 -	0.9	500	::	0.9525	: 0.9050
West (f.o.b)	_					_									_							
Low/Medium Heat																						: 0.8413
Mostly																						: 0.8075
High Heat	:: (.8600 -	0.9125	· ::	0.8400	- 0.	9100	:: (.8400	- 0.91	00 ::	0.84	00 –	0.910) ::	0.84	- 00	0.9	100	::	0.8756	: 0.8425
WHEY POWDER (Nonhygroscopic)																						
Central (f.o.b.)	:: 0	.2150 -	0.2350) ::	0.2200	- 0.	2400	:: (.2150	- 0.24	00 ::	0.22	75 -	0.247	5 ::	0.22	:00 -	0.2	475	::	0.2321	: 0.1989
Mostly	:: 0	.2150 -	0.2250) ::	0.2200	- 0.	2300	:: (.2250	- 0.23	00 ::	0.22	75 -	0.232	5 ::	0.23	00 -	0.2	350	::	0.2284	: 0.1952
West (f.o.b.)	:: 0	.2050 -	0.2450) ::	0.2100	- 0.	2500	:: (.2150	- 0.26	50 ::	0.21	50 -	0.2650) ::	0.22	:00 -	0.2	650	::	0.2374	: 0.1902
Mostly	:: 0	.2150 -	0.2300) ::	0.2200	- 0.	2300	:: (.2200	- 0.23	50 ::	0.22	50 -	0.2375	5 ::	0.23	00 -	0.2	400	::	0.2294	: 0.1931
Northeast (f.o.b.)	:: 0	.2175 -	0.2600) ::	0.2250	- 0.	2600	:: (.2300	- 0.26	00 ::	0.23	25 -	0.2600) ::	0.23	50 -	0.2	600	::	0.2450	: 0.2072
Southeast (Delvd)	:: 0	.2450 -	0.2550) ::	0.2500	- 0.	2575	:: (.2525	- 0.26	00 ::	0.25	50 -	0.262	5 ::	0.25	75 -	0.2	650	::	0.2572	: 0.2258
WHEY PROTEIN CONCENTRATE																						
Central And West (f.o.b.)																						
Extra Grade 34% Protein																						: 0.5347
Mostly	:: 0	.5975 -	0.6225	5 ::	0.5975	- 0.	6225	:: ().5975	- 0.62	25 ::	0.59	75 –	0.622	5 ::	0.59	75 -	0.6	225	::	0.6100	: 0.5216
ANIMAL FEED - WHEY																						
Central (f.o.b.)																						
Milk Replacer	:: (.1750 -	0.1950) ::	0.1850	- 0.	2150	:: (1850	- 0.21	50 ::	0.18	50 –	0.2150) ::	0.20	00 -	0.2	200	::	0.2018	: 0.1797
BUITERMIIK (Min. 30% protein)																						
- Central (f.o.b.)	:: 0	.9000 -	1.0100) ::	0.9000	- 1.	0100	:: (.9000	- 1.01	00 ::	0.90	00 -	1.0100) ::	0.90	00 -	1.0	100	::	0.9550	: 0.8750
West (f.o.b.)	:: 1	.0200 -	1.0700) ::	1.0200	- 1.	0700	:: 1	.0200	- 1.07	00 ::	1.02	00 -	1.0700) ::	1.02	:00 -	- 1.0	700	::	1.0450	: 0.8518
Mostly	:: 1	.0300 -	1.0500) ::	1.0300	- 1.	0500	:: 1	.0300	- 1.05	00 ::	1.03	00 -	1.0500) ::	1.03	00 -	1.0	500	::	1.0400	: 0.8486
Northeast (f.o.b.)	:: 1	.0000 -	1.0200) ::	1.0000	- 1.	0200	:: 1	.0000	- 1.02	00 ::	1.00	00 -	1.0200) ::	1.00	00 -	1.0	200	::	1.0100	: 0.8185
Southeast (Delvd)	:: 1	.0100 -	1.0600) ::	1.0100	- 1.	0600	:: 1	.0100	- 1.06	00 ::	1.01	00 -	1.0600) ::	1.01	.00 -	1.0	600	::	1.0350	: 0.8573
WHOLE MILK POWDER																						
National (f.o.b.)	:: 1	.2400 -	1.3900) ::	1.2825	- 1.	3900	:: 1	. 2825	- 1.38	00 ::	1.28	25 -	1.377	5 ::	1.28	25 -	- 1.3	775	::	1.3311	: 1.1311
(2,0,0,7)																						
LACIOSE																						
Central And West (f.o.b.)																						: 0.2287
Mostly	:: C	.1800 -	0.2100) ::	0.1800	- 0.	2000	:: (1800	- 0.20	00 ::	0.17	00 –	0.2000) ::	0.17	00 -	0.2	000	::	0.1878	: 0.2125
CASEIN - Edible - National (f.o.b	o.)																					
Nonrestricted - Rennet		2.7500 -	3.0000) ::	2.7500	- 3.	0000	:: 2	2.7500	- 3.00	00 ::	2.75	00 -	3.0000) ::	2.75	00 -	- 3.0	000	::	2.8750	: 2.1227
Nonrestricted - Acid	:: 2	.8000 -	3.0000) ::	2.8000	- 3.	0000	:: 2	2.8000	- 3.00	00 ::	2.80	00 -	3.0000) ::	2.80	00 -	- 3.0	000	::	2.9000	: 2.1091

^{1/} Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANITLE EXCHANGE AVERAGES FOR OCTOBER 2004

	CHICAGO MERCANTILE EXCHANGE AVERACES FOR OCTOBER 2004 ::REPORT NUMBER 39::REPORT NUMBER 40::REPORT NUMBER 41::REPORT NUMBER 42::REPORT NUMBER 43:: 2004 *										. 2002 *		
COMMODITY	::REF	ORT NUMBER	39::RI ::	EPORT NUMBER 	40::RI ::					EPORT NUMBER			
	::	OCT 1	::	OCT 4 - 8	::	OCT 11 -	15 ::	OCT 18 - 22	2 ::	OCT 25 - 29	::	Average	: Average
BUTTER*													
BOTTEK.													
GRADE AA													
Monday	::		::	1.7600	::	1.6400	::	1.6500	::	1.5500	::		:
Tuesday	::		::	1 7000	::	1 (000	::	1 6405	::	1 5450	::		:
Wednesday Thursday	::		::	1.7000	::	1.6850	::	1.6425	::	1.5450	::		:
Friday	::	1.7700	::	1.6050	::	1.7275	::	1.5975	::	1.5450	::	1.6475	· : 1.1846
F110ay	••	1.7700	••	1.0050	••	1.7275	••	1.3973	••	1.5450	••	1.04/3	• 1.1040
Weekly Average**	::	1.7883	::	1.6883	::	1.6842	::	1.6300	::	1.5467	::		:
CHEESE*													
BARRELS													
Monday	::		::	1.5450	::	1.3150	::	1.4875	::	1.5375	::		:
Tuesday	::		::	1.5475	::	1.3150	::	1.4975	::	1.5400	::		:
Wednesday	::		::	1.3900	::	1.4375	::	1.5275	::	1.5400	::		:
Thursday	::		::	1.3300	::	1.4475	::	1.5300	::	1.5400	::		:
Friday	::	1.4325	::	1.3150	::	1.4875	::	1.5325	::	1.5400	::	1.4683	: 1.5364
Weekly Average**	::	1.4875	::	1.4255	::	1.4005	::	1.5150	::	1.5395	::		:
40# BLOCKS													
Monday	::		::	1.5825	::	1.3725	::	1.5200	::	1.5700	::		:
Tuesday	::		::	1.5825	::	1.4000	::	1.5300	::	1.5725	::		:
Wednesday	::		::	1.4950	::	1.4700	::	1.5600	::	1.5725	::		:
Thursday	::		::	1.3750	::	1.5100	::	1.5625	::	1.5700	::		:
Friday	::	1.5850	::	1.3725	::	1.5200	::	1.5650	::	1.5700	::	1.5170	: 1.5876
Weekly Average**	::	1.5755	::	1.4815	::	1.4545	::	1.5475	::	1.5710	::		:
NONFAT DRY MILK	*												
EXTRA GRADE													
Monday	::		::	0.8500	::	0.8500	::	0.8500	::	0.8500	::		:
Tuesday	::		::	0.8500	::	0.8500	::	0.8500	::	0.8500	::		:
Wednesday	::		::	0.8500	::	0.8500	::	0.8500	::	0.8500	::		:
Thursday	::		::	0.8500	::	0.8500	::	0.8500	::	0.8500	::		:
Friday	::	0.8500	::	0.8500	::	0.8500	::	0.8500	::	0.8500	::	0.8500	: 0.8400
Weekly Average**	::	0.8500	::	0.8500	::	0.8500	::	0.8500	::	0.8500	::		:
GRADE A													
Monday	::		::	0.8500	::	0.8500	::	0.8500	::	0.8500	::		:
Tuesday	::		::	0.8500	::	0.8500	::	0.8500	::	0.8500	::		:
Wednesday	::		::	0.8500	::	0.8500	::	0.8500	::	0.8500	::		:
Thursday	::		::	0.8500	::	0.8500	::	0.8500	::	0.8500	::		:
Friday	::	0.8500	::	0.8500	::	0.8500	::	0.8500	::	0.8500	::	0.8500	: 0.8400
Weekly Average**	::	0.8500	::	0.8500	::	0.8500	::	0.8500	::	0.8500	::		:

^{*} Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

OCTOBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in October 2004 was unchanged at 134. Compared with October 2003, the index was up 5 points (3.9 percent). The index of prices received by farmers for dairy products advanced 1 point during the month of October 2004 to 119. Compared with October 2003, the index was up 4 points (3.5 percent).

Prices received by farmers in October 2004 with changes from September 2004 were: for All Milk, \$15.50 per hundredweight (cwt.), up \$.10; for Fluid Grade Milk, \$15.50 per cwt., up \$.10; and for Manufacturing Grade Milk, \$14.40 per cwt., down \$.20.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., OCTOBER 2004 WITH COMPARISONS

		All-milk	price <u>1</u> / <u>3</u> /	<u>3</u> / Milk cows <u>5</u> /			Cov	ws <u>6</u> /	All hay	baled <u>7</u> /
STATE	Dollars	per cwt.	Dollars	per cwt.	Dollars 1	per head	Dollars	per cwt.	Dollars	per ton
SIAIL	SEPTI	EMBER	OCT	OBER	OCTO	OBER	OCT	OBER	OCT	OBER
	2004	2003 <u>2</u> /	2004 <u>4</u> /	2003 <u>2</u> /	2004 <u>4</u> /	2003 <u>2</u> /	2004 <u>7</u> /	2003 <u>8</u> /	2004	2003
CA	13.91	13.32	13.60	13.50	1,650	1,350	48.00	42.00	111.00	86.00
ID	14.50	13.40	14.20	13.60	1,800	1,550	49.30	42.90	117.00	92.00
MI	15.60	14.60	16.10	15.20	1,700	1,400	48.00	46.00	98.00	79.00
MN	15.90	15.50	15.90	15.90	1,460	1,310	55.50	52.30	62.00	62.00
NM	14.70	14.00	15.50	14.40	1,670	1,430	52.40	45.00	117.00	131.00
NY	16.00	14.90	16.60	15.40	1,580	1,300			125.00	126.00
PA	17.00	15.90	17.60	16.70	1,600	1,350	49.00	43.40	121.00	136.00
TX	15.80	15.20	16.30	15.50	1,730	1,460	48.70	40.40	70.00	83.00
WA	15.30	13.40	15.40	13.90	1,800	1,450			120.00	86.00
WI	16.10	15.20	15.80	15.80	1,620	1,420	49.10	46.20	80.00	69.00
U.S.	15.40	14.50	15.50	15.00	1,640	1,380	50.40	44.60	89.80	83.70

^{1/} Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., OCTOBER 2004 WITH COMPARISONS

ITEM	OCTOBER 2003	SEPTEMBER 2004 2/	OCTOBER 2004 3/
PRICES RECEIVED BY FARMERS, dol. per cwt., at reported butterfat test:		_	_
All milk	15.00	15.40	15.50
Fluid grade milk	15.00	15.40	15.50
Manufacturing grade milk	14.60	14.60	14.40
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	113	115	111
Prices received by farmers for dairy products	115	118	119
Prices paid by farmers for commodities and services, interest taxes, and wage rates	129	134	134
Prices paid by farmers for production items	126	131	131
Prices paid by farmers for feed	112	110	106
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	3.23	3.25	3.52

^{1/} Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and whole wheat.

SOURCE: "Agricultural Prices," Pr 1 (10-04), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

SEPTEMBER 2004 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 92.2 million pounds in September, 25.8 percent above September 2003 and 4.0 percent above August 2004. AMERICAN TYPE CHEESE production totaled 293.7 million pounds, 0.5 percent above September 2003 but 1.6 percent below August 2004. TOTAL CHEESE output (excluding cottage cheese) was 717.8 million pounds, 1.3 percent above September 2003 and 0.5 percent above August 2004. NONFAT DRY MILK production, for human food, totaled 94.6 million pounds, 2.3 percent below September 2003 and 16.9 percent below August 2004. DRY WHEY production, for human food, was 73.7 million pounds, 5.3 percent below September 2003 and 8.2 percent below August 2004. ICE CREAM (hard) production totaled 70.7 million gallons, 3.7 percent below September 2003 and 3.7 percent below August 2004.

Colon Tragast 200 H			PROI	DUCTION O	F DAIRY PRODUCTS				
	SEP 2004	PERCE	NT CHANG	E FROM:		SEP 2004	PERCEN	PERCENT CHANG	
PRODUCT	1,000 LBS.	SEP 2003	AUG 2004	YEAR TO DATE <u>1</u> /	PRODUCT	1,000 LBS.	SEP 2003	AUG 2004	YEAR TO DATE <u>1</u> /
BUTTER	92,200	25.8	4.0	-3.8	SOUR CREAM	77,473	-0.1	-5.7	
CHEESE					YOGURT (PLAIN AND FLAVORED)	236,892	6.4	4.1	
AMERICAN TYPES <u>2</u> /	293,729	0.5	-1.6	1.9	CONDENSED WHEY, SOLIDS CONTENT 6/				
CHEDDAR	212,230	-1.1	-1.0	0.4	SWEET-TYPE, HUMAN FOOD	7,866	-8.0	12.3	
SWISS	22,233	5.4	-3.2		DRY WHEY PRODUCTS				
BRICK & MUENSTER	6,525	-13.9	-4.7		DRY WHEY, HUMAN FOOD	73,747	-5.3	-8.2	
CREAM & NEUFCHATEL	72,516	8.7	24.8		DRY WHEY, ANIMAL FEED	6,250	-10.2	-5.0	
HISPANIC	11,894	2.4	10.4		DRY WHEY, TOTAL	79,997	-5.7	-8.0	-5.3
MOZZARELLA	226,258	0.4	-2.0	3.2	REDUCED LACTOSE AND MINERALS				
OTHER ITALIAN TYPES	63,736	2.0	-0.5	5.3	HUMAN FOOD	3,276	-14.3	-4.3	
TOTAL ITALIAN TYPES	289,994	0.7	-1.7	3.7	ANIMAL FEED <u>7</u> /	3,498	14.4	-6.6	
ALL OTHER TYPES	20,922	-3.0	-3.5		LACTOSE, HUMAN FOOD & ANIMAL FEED	54,059	11.3	-0.8	
TOTAL	717,813	1.3	0.5	3.0	WHEY PROTEIN CONCENTRATE				
COTTAGE CHEESE, CURD <u>3</u> /	37,548	-3.2	-1.5		HUMAN FOOD	24,017	2.9	0.4	
COTTAGE CHEESE, CREAM $\underline{4}/$	32,340	-2.1	-2.9	-1.9	ANIMAL FEED	3,613	8.6	-9.6	
COTTAGE CHEESE, LOWFAT <u>5</u> /	32,912	-3.1	-3.1	3.5	FROZEN PRODUCTS	1,000 GALLONS	PERCEN	T CHANC	E FROM:
CANNED EVAPORATED & CONDENSED					ICE CREAM (HARD)	70,680	-3.7	-3.7	-5.2
WHOLE MILK	43,678	8.9	15.6		ICE CREAM, LOWFAT (HARD)	9,287	12.1	-3.6	
DRY WHOLE MILK	3,188	-39.1	2.5		ICE CREAM, LOWFAT (SOFT)	25,929	29.1	-11.0	
NONFAT DRY MILK, HUMAN FOOD	94,557	-2.3	-16.9	-8.5	ICE CREAM, LOWFAT (TOTAL)	35,216	24.2	-9.2	16.1
DRY SKIM MILK, ANIMAL FEED	337	-25.1	-34.2		SHERBET (HARD)	4,235	-0.5	-8.6	0.8
DRY BUTTERMILK	3,544	47.1	8.1		YOGURT (TOTAL)	5,418	-6.9	-10.0	-5.2

	MANU.	FACTURER	S' STOCKS,	END OF MONTH 8/			
PRODUCT	SEP 2004	PERCENTOE:		PRODUCT	SEP 2004	PERCEN	NT OF:
1 RODUCT	1,000			TRODUCT	1,000	SEP	AUG
	LBS.				LBS.	2003	2004
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	30,501	-18.3	-20.4	HUMAN FOOD	21,691	-7.9	1.2
DRY WHEY, ANIMAL FEED	5,025	43.5	-6.0	ANIMAL FEED	2,531	52.7	9.3
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 9/	6,623	-30.4	-1.9	CANNED EVAPORATED & CONDENSED WHOLE MILK	80,371	4.7	-7.7
LACTOSE, HUMAN FOOD & ANIMAL FEED	64,390	57.7	-3.8	NONFAT DRY MILK FOR HUMAN FOOD	125,903	98.6	-15.4
DRY BUTTERMILK, TOTAL	5,825	197.8	6.9				

^{1/2004} cumulative as percent change of 2003 cumulative. 2/ Whole milk cheese, including Cheddar, colby, monterey and jack. 3/Mostly used for processing into cream or lowfat cottage cheese. 4/Fat content 4 percent or more. 5/Fat content less than 4 percent. 6/Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 7/Not shown when fewer than 3 plants reported or individual plant operations could be disclosed. 8/Stocks held by manufacturers at all points and in transit. 9/Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (11-04), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

47.7

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEE	K OF NOVEMBER 1	5, 2004	CUMULATI	VE TOTALS	UNCOMMITTE	D INVENTORIES
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	WEEK ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/04	LAST YEAR	10/29/04	LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	8,777,403#	476,174	8,301,229	31,374,872#	29,134,367	-0-	906,888,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	8,777,403	476,174	8,301,229	31,374,872	29,015,319	-0-	953,279,000

#660,716 pounds purchased under Invitation 080 with the total under Invitation 080 estimated at 108,715,455 pounds.

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
WEEK OF NOVEMBER 1 - 5, 2004 =	1.8	96.6	COMPARABLE PERIOD IN 2003 =	1.0	50.8
CUMULATIVE SINCE OCTOBER 1, 2004 =	6.9	365.2	CUMULATIVE SAME PERIOD LAST YEAR =	6.4	337.7
CUMULATIVE JAN. 1 - NOV. 5, 2004 =	60.1	3,228.0	COMPARABLE CALENDAR YEAR 2003 =	698.4	6,750.5

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

^{**}Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC	ADJUSTED	PURCHASES	FOR	THE	WEEK	OF	NOVEMBER	1	_	5,	2004	(POUNDS)	

		BUTTER			CHEESE	NONFAT	NONFAT DRY MILK		
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED	
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
WEST	-0-	-0-	-0-	-0-	-0-	-0-	8,191,350	-0-	
EAST	-0-	-0-	-0-	-0-	-0-	-0-	109,879	-0-	

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BU	TTER	CHE	ESE	NONFAT I	DRY MILK	MILK EQUIVALENT (%)		
REGION	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	-0-	4.3	0.0	
WEST	-0-	-0-	-0-	-0-	28,972,702	29,015,319	92.3	100.0	
EAST	-0-	-0-	-0-	-0-	1,070,603	-0-	3.4	0.0	
TOTAL	-0-	-0-	-0-	-0-	31,374,872	29,015,319	100.0	100.0	

NDM SELLBACK TO THE TRADE The cumulative sellback total for 2004 is 67,347,152 pounds.

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289 NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 10/16/04 & Comparable Week 2003 U.S. TOTAL % DAIRY OF ALL 7 WEEK Regions* (000 HEAD) 1 2 3 4 5 6 8 9 10 SINCE JAN 1 WEEK SINCE JAN 1 46.1 47.1

0.0 0.7 6.5 3.0 15.7 2.9 0.8 0.9 45.0 2004-Dairy 12.1 2.5 1,884.5 0.5 1.2 16.2 0.2 0.7 9.0 5.9 3.2 2003-Dairy 21.3 3.0 61.2 2,284.9 49.7 2004-All cows 0.0 0.8 8.0 14.3 26.3 15.1 10.4 2.9 14.4 5.4 97.6 4,001.0 2003-All cows 0.2 0.9 11.9 13.4 31.9 18.4 17.8 3.1 18.3 7.3 123.2 4.787.5

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CT.ASS	TTT	MTT.K	PRICES,	(3	5%	BE)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87

FEDERAL MILK ORDER CLASS PRICES FOR 2004 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.85	11.59	11.94	13.64	19.65	21.13	17.95	14.62	13.94	14.78	14.29	·
II ±/	11.67	12.90	14.79	15.21	15.03	14.31	14.00	13.13	13.66	13.57		
III	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16		
IV	10.97	12.21	14.10	14.57	14.50	13.72	13.31	12.46	13.00	12.81		

^{1/} Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmos/mib/cls_prod_cmp_pr.htm